

SCOPE OF WORK FOR A CDIE IQC TASK ORDER AN EVALUATION OF TRADE CAPACITY BUILDING PROGRAMS

ARTICLE I - TITLE

Project No. 93-0085, CDIE Integrated Studies and Systems: "An Evaluation of US AID Trade Capacity Building Programs"

ARTICLE 11- OBJECTIVE

To assess the effectiveness of various USAID trade development approaches.

ARTICLE III - BACKGROUND

A. CDIE Evaluation Approach

The Center for Development Information and Evaluation (CDIE), through its Program and Operations Assessments (POA) Division, is responsible for helping USAID learn from its development experience. CDIE/POA undertakes cross-country, comparative evaluations focused on development results. Unlike most mission evaluations that focus on improving project implementation or measuring project outputs, these centrally sponsored evaluations are strategically oriented. They synthesize findings from a series of interventions, thereby providing a basis for future Agency-wide program and policy guidance. By focusing on programs above the individual project level, they aim to meet managers' needs for comparative analysis and results.

Thus, CDIE's evaluations have several purposes: (1) to assess results and guide policy, program, and budget decisions; (2) to provide tools for management improvement; and (3) to serve as a vehicle for strengthening USAID's ability to account for the results of its assistance programs.

B. Trade Capacity Building

There is a positive linkage between the openness of an economy and its rate of economic growth. In most cases trade volume has a strong relationship with GDP growth --- Increased trade means higher economic growth rates.¹ Increased trade has a number of benefits. It can have an incentive effect on domestic and foreign investment, encourage new technology and new business practices and raise productivity. Trade reform can also reduce bottlenecks and rent-seeking behavior and it may reduce poverty rates. In recent years many countries have made major strides in beginning to dismantle trade restrictions and controls. The problem for some countries, however, is that changes have not generated increased trade. Something is still holding them back.

¹ While there is a link between trade and growth, some question the causality. They question whether trade generates growth. Their view is that richer countries have more trade and that poorer countries dismantle their trade restrictions as they get richer.

Comparative advantage is well understood but regulatory, institutional and other obstacles are less well known. There is a need to improve a wide range of policies and institutions that affect a country's basic capacity and competitiveness to trade. For a start a country needs a sound macroeconomic and investment climate along with improved governance, education, health and infrastructure. But there are also policies and institutions that are more directly related to trade reform.

Trade Capacity Building assistance can address trade barriers through three intervention points: (1) behind the border; (2) at a country's border; or (3) beyond the border, helping it access global markets.

- (1) Behind the border reforms improve "trade competitiveness". A country's long-term "comparative advantage" depends on continually upgrading its "competitive advantage" vis-a-vis other trade competitors. For example: if an LDC firm wants to export cut flowers to the U.S. it has to produce a high quality and uniform product. Producing a high quality product is important but then it has to move it from the farm to the florist in the U.S. But flowers are a perishable export. They need dependable internal transportation, refrigerated storage at the airport, dependable flight schedules and government customs officials who do not delay exports. Behind the border reforms reduce costs by increasing productivity and improving domestic trade supporting infrastructure and institutions. The reforms make a country more competitive in international markets.
- (2) Reforms at the border increase "trade capacity". These reforms focus on lowering tariff and non-tariff barriers and improving institutions that manage customs, inspections and financial transfers. Corruption and bureaucratic delays can also be a major problem. Reforms at the border allow goods to cross the border quickly with lower transaction costs and lower customs duties.
- (3) Access to global markets or "beyond the border" reform requires a country to bring its tariffs and regulatory system into conformity with World Trade Organization (WTO) standards. It may also need to meet international labor, environmental, sanitary (food safety and animal health) and phytosanitary (plant health) standards. A country may participate in a free trade agreement (FTA) with another country, in a regional trade agreement (e.g., NAFTA), or in a hemispheric free trade agreement (e.g., the Free Trade Area of the Americas that is now being negotiated). Regional Trade Arrangements (RTAs) usually have lower tariffs or higher standards than the obligations these same countries have as members of the WTO.

Task #1. An inventory on the evolution of USAID Trade Capacity Building activities in up to 20 countries. This will begin with a compilation of the information available from R4's for the past five years for the approximately 20 USAID Missions that have had Trade Capacity Building (TCB) as an important feature of a Strategic Objective. For each Mission, a one-page narrative will be prepared, describing:

- the evolution of the USAID focus in this area
- the specific activities being undertaken, and
- sources of technical expertise used to implement the activity.

This inventory will provide the database for subsequent work, and will be distributed for review by the regional bureaus and by EGA T. This database will then be used for interviews (by email or telephone) with USAID project managers in the field missions responsible for the implementation of these activities. The interviews will seek to characterize the USAID interventions in more specific terms, to determine the major challenges that project managers faced in designing and implementing their specific activities, and their perspective on the desirability of replicating such activities in other countries.

Schedule: This activity will be completed 'within one month of contract signing.

Task #2. An analysis of USAID efforts to assist developing countries meet the implementation requirements of their World Trade Organization (WTO) commitments. For those missions where extensive activity in implementation of WTO commitments has been undertaken, email and telephone interviews will be conducted to gain responses to a number of general areas of questioning:

- What specific areas of WTO implementation were targeted?
- How were these areas chosen?
- How successful was the activity in achieving the desired implementation? . Does the host government see this activity as important? As successful?
- What sources of technical expertise (e.g., AID/W, consulting firms, other USG agencies, academics) were used to identify the specific activities to pursue?
- What sources of technical expertise were used to implement the activity?
- What kinds of evaluation have been used to measure success of the activity?

A summary report on USAID WTO implementation activities will be written, identifying the main findings from this effort, and identifying issues to be pursued under task #5 of this evaluation.

Schedule: This activity would begin within one month of contract signing and be completed with two months of contract signing.

ARTICLE IV - STATEMENT OF WORK

A. Evaluation Approach

The assessment hypothesizes that four factors tend to be associated with successful Trade Capacity Building (TCB). The evaluation will test these four hypotheses:

1. A favorable economic enabling environment is needed for successful TCB.
2. With a favorable environment, behind the border trade promotion can offer high payoffs for USAID. Payoffs from other TCB work are harder to quantify.
3. Many Missions lack the technical capacity to choose which trade interventions to pursue so AID/Washington support for Mission TCB work needs to be strengthened.
4. USAID promotion of Regional Trading Arrangements is a poor use of resources

B. Estimated Timeframe, Resource Requirements and Reports to be Produced

The study will begin immediately upon signing of this task order and will be completed within 18 months. The total level of effort is 164 person days. It includes an estimated 149 days for senior-level economists and 15 days for a mid-level economist. There will be two senior-level economists and a mid-level economist. One of the senior-level economists will serve as Principal Investigator.

The Senior Economist and Principal Investigator will have worked at least 10 years on economic development issues including trade. He should have extensive recent experience in evaluating or designing trade development assistance programs. He will be expected to organize and manage the study. He is responsible for organizing and managing Tasks 1,2,3 and 4. It is expected that he will do nearly all of the analysis and drafting of the reports for each of those four tasks. He will be the lead analyst on the field investigation (Task 5) and will do the bulk of the analysis and preparation of the synthesis report (Task 6).

The Other Senior Economist should have recent experience in the design and/or evaluation of trade development assistance programs. He may serve on one or both of the field evaluations (Task 5) and may assist the Principal Investigator on other analysis as needed.

The Mid-Level Economist will assist the Principal Investigator on Tasks 2, 3 and 4.

The contractor will complete the analysis for each of the six tasks and prepare a report at the conclusion of each task:

Task #3. An analysis of USAID experience with "Behind-the-Border" trade capacity building.

This analysis will identify activities that build the capacity to trade inside the developing country. Such activities typically include:

- Exporter Associations.
- Technical assistance to Exporters.
- Export Processing Zones

For missions identified in the inventory as having such activities, email and phone calls to project implementation personnel will be used to learn more specifics about the activities and their perceived impact. As with the WTO implementation activity, respondents will be queried about '

- How were the specific interventions chosen?
- How successful has the activity been in achieving the desired result?
- Does the host government see this activity as important? As successful?
- What sources of technical expertise (e.g., AID/W, consulting firms, other USG agencies, academics) were used to identify the specific activities to pursue?
- What sources of technical expertise were used to implement the activity?
- What kinds of evaluation have been used to measure success of the activity?

Schedule: This activity would begin within one month of contract signing and be completed within two months of contract signing.

Task #4. An analysis of USAID experience in promoting regional trade arrangements.

USAID has been actively promoting regional trade arrangements, particularly in Africa. This activity will include email or telephone interviews with USAID personnel managing such programs, as well as with World Bank and other experts on this issue.

Schedule: This activity would begin within two months of contract signing and be completed with three months of contract signing.

Task #5. Two country field case studies of USAID Trade Capacity Building efforts. This final stage of work will involve fieldwork in two countries to gain deeper insights into the impact of US AID Trade Capacity Building work. A decision on the need to initiate the country field studies will be made by the PPC/CDIE CTO based on the results of the previous four deliverables. If the other analysis meets all of CDIE's needs, the field studies will not be undertaken. The specific activities to review, and the countries to be visited under Task #5 will be determined by CD IE based on a review of the previous four deliverables.

Schedule: Fieldwork would begin within six months of contract signing. The country reports will be completed within twelve months of contract signing.

Task #6. A synthesis report incorporating the main findings from all of the previous five tasks of the evaluation will be completed within 18 months of contract signing.

C. Other

Before work is initiated on any of the components, CDIE/POA will review the qualifications of the proposed consultants.

For each of the country case studies, the task order should provide for travel and per diem costs for consultants: for overseas, 21 days per consultant; for Washington, 2 days per consultant for a total of 23 days. Illustrative case study countries for budgeting purposes are Jordan and the Philippines. These countries are listed for budget planning purposes only. Actual countries selected may be different.

The contractor will submit a quarterly report outlining the preceding quarter's project activities in relation to planned targets, together with a statement of related expenditures.

All reports will be provided to CDIE/POA in paper copy and in electronic format, using Word 97. Tables and charts may be prepared using Excel 97.

ARTICLE V - TECHNICAL DIRECTION

PPC/CDIE/POA will provide technical direction to the contractor, including specific details on projects, programs, and countries to be covered. The CTO, Joseph Lieberman, PPC/CDIE/POA (or his designee) will provide guidance on analysis and evaluation approaches and technical direction and approval of all actions during the performance of this work order pursuant to Section F.9 of the contract.

ARTICLE VI - PERIOD OF PERFORMANCE AND LEVEL OF EFFORT

The performance period is 18 months from the effective date of the work order. The tasks may require up to a total of 164 person days of effort, as summarized in Table 1 below. After the completion of the first four tasks, USAID will assess the findings and determine whether to launch the last two tasks.

Budget Table 1 --- Trade Capacity Building Assessment Estimated Level of Effort and Estimated Costs

ACTIVITY (and task number)	EXPERTISE	\$ LOE Days	Total Cost \$
Task #1. Inventory of 20 USAID Mission programs	Senior-Level Economist		
Task #2. Implementing WTO Commitments	Senior-Level Economist Mid-Level Economist		
Task #3. Behind-the- Border Capacity Building	Senior-Level Economist Mid-Level Economist		
Task #4. Regional Trade Arrangements	Senior-Level Economist Mid-Level Economist		
Labor Costs			
Other Direct Costs			
Costs for Task 1, 2, 3, 4			
Task #5. Field Data Collection			
Country 1 (Jordan)	Senior-Level Economist Senior-Level Economist		
Country 2 (Philippines)	Senior-Level Economist Senior-Level Economist		
Labor Costs, Task #5			
Airfare Jordan			
Per diem Jordan			
Airfare Philippines			
Per diem Philippines			
Taxi, Xerox, etc.			
Other Direct Costs, Task #5			
Task #6. Synthesis Report			
Labor Costs	Senior-Level Economist		
Other Direct Costs			
Total for Tasks 5 and 6			
Total for Tasks 1,2,3,4,5,6			

ASSESSMENT FACTORS

Finns submitting a proposal to provide services under the CDIE IQC Task Order for this evaluation of Trade Capacity Building Programs should briefly explain how they would do the assessment. The information provided should be seven single-spaced pages or less, not including resumes. It should include the following points:

- 1. Staff capabilities.** List staff proposed for this work order; include their resumes. The Principal Investigator is essential to the success of this evaluation. The qualifications and experience of that person will be the major factor used in selecting a firm.
- 2. Past performance and corporate capabilities.** Describe experience in design, management, or evaluation of trade capacity building programs. Describe work completed and other experience in the field. Explain the methodological approach to be used for this study. Describe any special capabilities your firm has in strategic assessments in the area of trade development.